

Message Text

UNCLASSIFIED

PAGE 01 ABIDJA 03077 01 OF 02 281745Z

ACTION EB-08

INFO OCT-01 AF-08 ISO-00 L-03 IO-13 NSC-05 AID-05
CIAE-00 COME-00 FRB-01 INR-07 NSAE-00 USIA-15
XMB-04 OPIC-06 SP-02 LAB-04 SIL-01 OMB-01 DOTE-00
IGA-02 /086 W

-----281822Z 011641 /41

R 281519Z MAR 77

FM AMEMBASSY ABIDJAN

TO DEPT OF TREASURY

INFO SECSTATE WASHDC 2666

UNCLAS SECTION 1 OF 2 ABIDJAN 3077

AFDF

DEPT PASS NAC AGENCIES

EO 11652: N/A

TAGS:/ AFDB EFIN EAID

SUBJ: PROPOSED AFDF LOAN TO FINANCE THE BEALANANA-
ANTSAHABE ROAD IN MADAGASCAR

1. SUMMARY: AFDF MANAGEMENT PROPOSES 3.7 MILLION FUND UNIT OF ACCOUNT (FUA EQUAL TO US \$1.11) LOAN TO GOVERNMENT OF THE DEMOCRATIC REPUBLIC OF MADAGASCAR TO FINANCE A PORTION OF 71 FM ROAD IN THE REGION OF ANKAIZINQAIN THE NORTH OF MADAGASCAR. TOTAL COST OF PROJECT ESTIMATED AT FUA 13.75 MILLION TO BE PARALLEL FINANCED BY AFDF, NIGERIAN TRUST FUND (NTF), AND GOVERNMENT OF MADAGASCAR.

2. AFDF DOC BD/77/26 AND ATTACHMENTS DESCRIBING LOAN POUCHED TO ADDRESSEES MAR 28. BOARD CONSIDERATION SCHEDULED FOR APRIL 4.

3U AFDF MANAGEMENT PROPOSES FUA 3.7 MILLION LOAN TO GOVT OF MADAGASCAR. LOAN WOULD FINANCE 27 PERCENT OF TOAL COST OF UNCLASSIFIED

UNCLASSIFIED

PAGE 02 ABIDJA 03077 01 OF 02 281745Z

PROJECT WHICH IS ESTIMATED NET OF TAXES AT FUA 13.75 MILLION. THE PROJECT CONSISTS OF A) CONSTRUCTION OF A 71 KM TWO LANE BITUMEN ROAD LOCATED IN THE ANKAIZINE REGION IN THE NORTH OF MADAGASCAR AND B) CONSULTANCY SERVICES FOR SUPERVISION OF CONSTRUCTION. THE LAREADY APPROVED NTF LOAN OF FUA 7.30 MILLION WILL FINANCE 53 PERCENT OF TOTAL PROJECT COST, ALL IN FOREIGN EXCHANGE. THE PROPOSED AFDF LOAN WOULD MEET THE

BALANCE OF THE FOREIGN EXCHANGE COSTS EQUAL TO FUA 1.5 MILLION AND A PORTION OF THE LOCAL COST EQUAL TO FUA 2.2 MILLION. THE GOVERNMENT OF MADAGASCAR WILL PROVIDE BALANCE OF LOCAL COST FINANCING EQUAL TO FUA 2.75 MILLION. COST OVERRUNS WILL BE MET BY GOM. COST ESTIMATES INCLUDE 10 PERCENT ALLOWANCE FOR PHYSICAL CONTINGENCIES AND 16 PERCENT ALLOWANCE FOR PRICE ESCALATION. PROPOSED TERMS OF AFDF LOAN ARE 50 YEARS AMORTIZATION INCLUDING TEN YEARS GRACE, 0.75 PERCENT SERVICE CHARGE. GOM TO BE BORROWER, MINISTRY OF PUBLIC WORKS EXECUTING AGENCY.

4. THE PROPOSED FINANCING ARRANGEMENT FOR THIS PROJECT REPRESENTS THE FIRST TIME THAT AFDB GROUP FUNDS ARE BEING BLENDED TO FINANCE A SINGLE PROJECT. PROCUREMENT OF GOODS AND SERVICES WILL BE EFFECTED THROUGH INTERNATIONAL COMPETITIVE BIDDING LIMITED TO AFDF AND AFDB MEMBER COUNTRIES. A SINGLE CONTRACT WILL BE LET FOR THE CONSTRUCTION WITH ANOTHER BEING AWARDED FOR THE CONSULTANCY SERVICES. LOAN DISBURSEMENT WILL BE EFFECTED ON A PRO-RATA BASIS WITH NTF MEETING 53 PCT, AFDF 27 PCT AND GOM 20 PCT. THE NTF LOAN EQUAL TO FUA 7.3 MILLION SUBJECT TO ANNUAL INTEREST OF 4 PERCENT AND COMMITMENT CHARGE OF 0.75 PERCENT ON UNDISBURSED BALANCE OF LOAN. AMORTIZATION, 20 YEARS, INCLUDING 5 YEARS GRACE.

5. THE PROPOSED ROAD WILL SUPPLANT AN EXISTING ROUTE WHICH IS AN ORDINARY EARTH ROUTE, 81 KM LONG, STRETCHING UPLAND ALONG AN UNEVEN MOUNTAINOUS ROANGE. DUE TO TOPOGRAPHY AN&"

3J

UNCLASSIFIED

UNCLASSIFIED

PAGE 03 ABIDJA 03077 01 OF 02 281745Z

E ENGINEERING

, THE PRESENT ROAD IS BADLY ERODED AND IS OFTEN RENDERED UNUSEABLE FOR LONG PERIODS OF TIME. BRIDGES ALONG THE CURRENT ROUTE ARE INADEQUATE BECAUSE OF NARROW WIDTH, AND INSUFFICIENT BEARING STRENGTH. THE NEW ROAD WOULD HAVE AN OVERALL WIDTH OF 8.5 M INCLUDING A 5.5 M PAVED ROADWAY AND SHOULDERS 1.5 M IN WIDTH. THE DRAINAGE SYSTEM HAS BEEN DESIGNED TO DIVERT WATER AWAY FROM THE ROADWAY BY USE OF BOX CULVERTS AND PIPE. FOUR NEW REINFORCED CONCRETE BRIDGES WILL BE CONSTRUCTED, EACH HAVING A DOUBLE SPAN OF 20 M. CONSTRUCTION IS SCHEDULED TO BEGIN IN JANUARY 1978 AND IS SCHEDULED FOR COMPLETION IN DECEMBER 1979.

6. THE BEALANANA-ANTSABE ROAD FORMS PART OF THE NATIONAL ROAD SYSTEM AND IS CLASSIFIED AS A NATIONAL TRUNK ROAD. IT

IS LOCATED IN THE ANKAIZINA REGION, ONE THE RICHEST AGRICULTURAL AREAS OF THE COUNTRY. NINETY-THREE PERCENT OF THE POPULATION WITHIN THE PROJECT'S ZONE OF INFLUENCE IS ENGAGED IN FARMING. MOST RECENTLY AVAILABLE DATA INDICATES THAT IN 1973, THE BEALANANA-ANTSSAHABE ENVIRONS PRODUCED 109,000 TONS OF PADDY RICE, 10,000 TONS OF MAIZE, 17,000 TONS OF SUGAR CANE, 7,000 TONS OF COTTON, AND SIZEABLE QUANTITIES OF FRUITS AND VEGETABLES. BEALANANA, THE MAIN ADMINISTRATIVE CENTER OF THE REGION IS OFTEN CUT OFF FROM THE REST OF THE COUNTRY FOR LACK OF AN ADEQUATE ROAD LINK. BEALANANA CAN BE REACHED FROM ANTSSAHABE BY MEANS OF THE EXISTING EARTH TRACK DURING THE DRY SEASON ONLY. THE PROJECT ROAD WILL OPEN THE REGION ON A YEAR ROUND BASIS, THEREBY FACILITATING THE EVACUATION OF AGRICULTURAL PRODUCE TO THE CONSUMING CENTERS.

UNCLASSIFIED

NNN

UNCLASSIFIED

PAGE 01 ABIDJA 03077 02 OF 02 281803Z
ACTION EB-08

INFO OCT-01 AF-08 ISO-00 L-03 IO-13 NSC-05 AID-05
CIAE-00 COME-00 FRB-01 INR-07 NSAE-00 USIA-15
XMB-04 OPIC-06 SP-02 LAB-04 SIL-01 OMB-01 DOTE-00
IGA-02 /086 W

-----281823Z 011906 /50

R 281519Z MAR 77
FM AMEMBASSY ABIDJAN
TO DEPT OF TREASURY
INFO SECSTATE WASHDC 2667

UNCLAS SECTION 2 OF 2 ABIDJAN 3077

AFDF

DEPT PASS NAC AGENCIES

7. CURRENT TRAFFIC ALONG THE EXISTING ROUTE CONSISTS OF PASSENGER MOVEMENTS AND COMMERCIAL TRAFFIC. COMMERCIAL TRAFFIC CURRENTLY ACCOUNTS FOR 47 PCT OF VOLUME. ANNUAL AVERAGE TRAFFIC DURING THE FIRST YEAR OF OPERATION OF THE NEW ROAD, IS ESTIMATED TO APPROACH 102,000 VEHICLES. TRAFFIC IS EXPECTED TO INCREASE AT AN ANNUAL RATE OF 7 PCT, REACHING 366, 280 VEHICLES BY THE END OF THE PROJECT'S LIFE IN 1999. ESTIMATES INCLUDE 20 PERCENT INDUCED TRAFFIC AS A RESULT OF THE DEVELOPMENT IMPACT OF THE ROAD. TRAFFIC IS ESTIMATED TO BE COMPOSED OF 47 PERCENT HEAVY TRUCKS FOR EVACUATION OF AGRICULTURAL

PRODUCTS, 20.5 PERCENT PASSENGER CARS, 20.5 PERCENT PASSENGER
BUSSES, AND 12 PERCENT LIGHT COMMERCIAL VEHICLES.

8. THE QUANTIFIABLE BENEFITS TO BE DERIVED FROM THE PROJECT
INCLUDE SAVINGS IN VEHICLE OPERATING COSTS, SAVINGS IN ROAD
MAINTENANCE COSTS, AVOIDED VEHICLE OPERATING COSTS AND ROAD
MAINTENANCE COSTS ON 10 KM OF EARTH TRACK, AND SAVED TRAVEL
TIME. THE NEW ROAD IS EXPECTED TO REDUCE OVERALL TRAVEL TIME
BY 2 HOURS. TOTAL NET BENEFITS ARE ESTIMATED TO EQUAL
UNCLASSIFIED

UNCLASSIFIED

PAGE 02 ABIDJA 03077 02 OF 02 281803Z

APPROXIMATELY FUA 1 MILLION DURING THE FIRST YEAR THE ROAD
IS OPEN AND ARE EXPECTED TO RISE TO APPROXIMATELY FUA 3.5
MILLION ANNUALLY BY THE END OF THE PROJECT'S LIFE IN 1999.
THE INTERNAL RATE OF RETURN IS ESTIMATED AT 12 PERCENT. IF
PROJECT COSTS WERE TO INCREASE BY 10 PERCENT WHILE EXPECTED
BENEFITS WERE TO BE REDUCED BY 10 PCT, THE INTERNAL RATE OF
RETURN WOULD DROP TO 9 PCT. IT IS EXPECTED THAT FARM INCOME
IN THE PROJECT AREA WILL BE RAISED DUE TO INCREASED MARKETING
OF PRODUCE RESULTING FROM IMPROVED EVACUATION FROM AREA. DIRECT
AND INDIRECT JOB OPPORTUNITIES WILL BE CREATED FOR THE PEOPLE
OF THE DISTRICT. FINALLY, THE REGION, WHICH IS CURRENTLY
ECONOMICALLY AND SOCIALLY ISOLATED, WILL BE FURTHER INTEGRATED
INTO THE MAINSTREAM OF THE COUNTRY. STEARNS

UNCLASSIFIED

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: DEVELOPMENT LOANS, HIGHWAYS
Control Number: n/a
Copy: SINGLE
Sent Date: 28-Mar-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01-Jan-1960 12:00:00 am
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977ABIDJA03077
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770106-0172
Format: TEL
From: ABIDJAN
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770317/aaaaaorq.tel
Line Count: 198
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 09f239b1-c288-dd11-92da-001cc4696bcc
Office: ACTION EB
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 05-Oct-2004 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2982663
Secure: OPEN
Status: NATIVE
Subject: PROPOSED AFDF LOAN TO FINANCE THE BEALANANA- ANTSAHABE ROAD IN MADAGASCAR
TAGS: EFIN, EAID, IV, MA, AFDB
To: TRSY
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/09f239b1-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009